



PEEHIP

Quarterly



Vol. 2 No. 2

PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN

April - May - June 2006

New PEEHIP Policies Effective October 1, 2006

Prescription Drug Changes

The new prescription drug copayments will be as follows:

Generic	\$5.00
Formulary (Preferred)	\$30.00
Non-formulary (Non-preferred)	\$50.00

The annual deductible of \$50.00 per person will be eliminated beginning October 1, 2006.

Out-of-Pocket Premium Changes

The monthly out-of-pocket premiums for active and retired members will remain unchanged **except** for retirees under the age of 65 (non-Medicare eligible). Effective October 1, 2006, the new premium for non-Medicare eligible retirees will be \$90.00 per month, an increase of \$12.00 per month. The family rates for retirees who are under age 65 will also increase by \$12.00 per month. Members who retired on or after October 1, 2005, may experience rate adjustments because they are subject to the sliding scale and their premiums are based on their years of service and the cost of the insurance program.

Surviving Spouse Premium Changes

Out-of-Pocket premiums for Surviving Spouses will increase in accordance with requirements under PEEHIP law.

	Monthly Premiums
Surviving Spouse < 65	\$581.00
Surviving Spouse < 65, Dependent < 65	\$713.00
Surviving Spouse < 65, Dependent > 65	\$672.00
Surviving Spouse > 65	\$299.00
Surviving Spouse > 65, Dependent < 65	\$431.00
Surviving Spouse > 65, Dependent > 65	\$390.00

The Optional coverages (cancer, dental, indemnity, and vision plans) will remain \$38.00 per month for each plan.

PEEHIP Funding Sub-Committee Established

The PEEHIP Board established a sub-committee to study the

new GASB rules that will require PEEHIP to report unfunded liability starting in 2007. The new sub-committee will also study how to pre-fund some of the future cost of PEEHIP.

HMO Changes

Beginning October 1, 2006, HealthSpring of Alabama HMO will not participate in the PEEHIP program. Therefore, members currently enrolled in the HealthSpring of Alabama HMO plan will need to choose another health plan during the Open Enrollment period for an October 1, 2006, effective date. Viva Health Plan HMO will continue in 2006-2007 with the same benefits that they are currently offering.

New Vaccination Coverages

PEEHIP will provide coverage for the Rotavirus vaccine and the Hepatitis A vaccine. Both vaccines are recommended by the Centers for Disease Control and the American Board of Pediatrics.

Wellness Program

A Weight Watchers program will be added to the PEEHIP Wellness Program beginning October 1, 2006. However, only high risk members who meet the stringent criteria will be eligible to participate in the PEEHIP Weight Watchers program. Funding was approved for a total of 5,000 participants who are at the highest level of risk. The cost to the member will be \$85.00, which is one-half of the \$170.00 total fee.

Medicare Update

♦ PEEHIP members who are eligible for service retirement are **not** eligible for disability retirement for PEEHIP and will be subject to the Sliding Scale for PEEHIP premiums.

♦ If a Medicare-eligible, active PEEHIP member is covered by their spouse's PEEHIP retired contract and they are combining allocations, Medicare must be the primary payer on the active PEEHIP member. The active, Medicare-eligible member will need Medicare Part A and Part B coverage. If the active member does not want Medicare as the primary payer and does not want to enroll in Medicare Part B until retirement, he or she will have to be insured on their own PEEHIP active contract and will not be able to combine allocations with the retired PEEHIP-eligible spouse.

Open Enrollment News

The 2006-2007 Open Enrollment Packet will be mailed to active and retired members in late June. The Open Enrollment Packet includes forms that allow members to add new types of coverage, dependent coverage or change coverage types. The Open Enrollment period will begin **July 1, 2006**, and end **August 31, 2006**, for changes to be effective **October 1, 2006**. All open enrollment forms must be postmarked no later than August 31, 2006, for the PEEHIP office to accept the request.

If you do not wish to make changes to your PEEHIP coverage, **do not** complete the open enrollment application. You will automatically remain enrolled in the same or existing plan(s), and your monthly premium will continue to be deducted from your check.

PEEHIP Takes Over Management of Student Dependent Verification Process

On March 1, 2006, PEEHIP began managing all aspects of the student verification process. During March, April, and May over 7,500 student verification letters were mailed to PEEHIP members with dependent children between the ages of 19 and 25 and birthdays in April, May, and June. In the past, the insurance carriers such as Blue Cross, Southland National and the HMO plans handled the student update process and mailed the student verification letters.

If you have a dependent child between the ages of 19 and 25 and this child is covered on your PEEHIP insurance plan, you are required to:

- ◆ update his or her student status every year, one to two months prior to your dependent's birthday, and
- ◆ notify the PEEHIP office if your child's student status changes during the year.

PEEHIP members now have two ways to update their student dependent through PEEHIP. Please

choose only **one** of these methods to update your dependent:

1) Phone Update:

Call the PEEHIP student verification phone line at 1-800-214-2158, ext. 1460 and answer the recorded questions verbally. A PEEHIP staff member will listen to the messages each day and update the student information. PEEHIP will transmit the student verification information to the appropriate insurance carriers who will update their records within 5-7 days. Your child's student status will be reflected on the Blue Cross Web site when the information has been transmitted, which currently may take up to 7-10 days. Please leave complete information on the recorded automated line and a daytime phone number in case we need to call you back. It is not necessary to leave more than one message on the PEEHIP automated phone system or to call back and make sure that we received your call.

2) Online System Update:

PEEHIP members also have the option of updating their student dependent information through the Member Portal by going to the RSA website www.rsa.state.al.us and clicking **Member Services**. Then click **View/Change Student Status Data** and follow the instructions on the screen. The online system will only be available to PEEHIP members for 90 days from the date they receive a student verification letter. If your student dependent has not been updated within 90 days from the date of the student verification letter, you will be required to send written verification from the school's registrar office before your student dependent can be reinstated. This process can also take 7-10 days to transmit to the insurance carriers.

PEEHIP is making every effort to handle all of your questions and to update your student dependents in a timely manner. **Your student dependent cannot be updated unless you provide his or her Social Security number.** We appreciate your patience and understanding during this transition period.

Saving YOU and PEEHIP \$\$\$\$

Both private and public entities across America are facing increasing healthcare costs and Alabama is no different. The difficulty is what to do about it and still make it affordable to our members. Every year PEEHIP institutes cost saving measures, but to continue to do so requires our members to do their part in helping to cut the costs of prescription drugs.

One way for members to not only save themselves out-of-pocket costs on prescription drugs but also save PEEHIP millions of dollars is by consulting your doctor, pharmacist or Express Scripts about generic drugs or therapeutically equivalent preferred drugs as alternatives to non-preferred drugs. Many members have already taken advantage of these savings. Non-preferred drugs are brand-name drugs that cost more because drug companies spend large sums of money on research, development, marketing and advertising. These costs are passed on to you. Generic drugs have much lower costs and pass the savings to you. A generic drug contains the same active ingredients in the same dosage forms and strengths as the brand-name drug. Because they have the same active ingredients, generic drugs can be used by patients of all ages to achieve the same medical effects provided by brand-name drugs.

The charts below illustrate how the PEEHIP Board and the PEEHIP staff have made changes that, if members take advantage of, will save not only the members money but also PEEHIP. Chart 1 shows the monthly claims for each drug category and the approximate total monthly cost for prescription drugs.

Chart 1 - Total Cost

Drug Category	Claims Per Month	Percentage of Total Rx Claims	Total Estimated Rx Cost Per Month	Percentage of Total Rx Cost
Generics	171,500	50%	\$3,258,500	14%
Preferred (Formulary)	120,050	35%	\$13,085,450	58%
Non-Preferred (Non-formulary)	51,450	15%	\$6,379,800	28%
	343,000	100%	\$22,723,750	100%

Charts 2 and 3 show the cost and savings to the member and PEEHIP both currently and when the new copays become effective October 1, 2006.

Chart 2 - Per Prescription Cost

Per Prescription Cost—Current			
Drug Category	Cost to Plan (Estimated)	Cost to Member	Total Cost (Estimated)
Generics	\$9	\$10	\$19
Preferred (Formulary)	\$89	\$20	\$109
Non-preferred (Non-formulary)	\$84	\$40	\$124
Per Prescription Cost—Effective 10/01/2006			
Drug Category	Cost to Plan (Estimated)	Cost to Member	Total Cost (Estimated)
Generics	\$14	\$5	\$19
Preferred (Formulary)	\$79	\$30	\$109
Non-preferred (Non-formulary)	\$74	\$50	\$124

Chart 3 - Per Prescription Savings

	Member Savings Current	Member Savings 10/01/06	Total Savings Member & PEEHIP
Switch from Non-preferred to Preferred	\$20	\$20	\$15
Switch from Preferred to Generics	\$10	\$25	\$90
Switch from Non-preferred to Generics	\$30	\$45	\$105

Talk to your physician and pharmacist and start saving yourself and PEEHIP money
by switching from non-preferred drugs to either generic or preferred drugs.

2006 PEEHIP Formulary Changes

The amount of the prescription drug copay is determined by whether the drug you purchase is a generic (currently \$10 copay), a brand name drug on the Preferred or Formulary list (currently \$20 copay) or a brand name drug on the Non-preferred or Non-formulary list (currently \$40 copay). Effective February 1, 2006, the PEEHIP Board made several changes to the prescription drug program related to the formulary list. Below in the left column is a list of drugs that became Non-preferred effective February 1, 2006, and now have a copay of \$40 and will have a \$50 copay beginning October 1, 2006. The drugs listed in the right column are the formulary alternatives and now have a copay of \$20 and will have a \$30 copay beginning October 1, 2006. Please consult your physician and pharmacist about choosing generic drugs or preferred drugs that are clinically safe and cost effective for you and the PEEHIP program.

Non-Formulary (Non-Preferred) Drugs with alternatives, as of February 1, 2006:

Non-Formulary Drug (Non-Preferred)	Formulary Alternative (Preferred)
Avalide	Hyzaar, Diovan HCT
Avapro	Cozaar, Diovan
Avinza	Numerous generics including oxycontin
Avita gel	tretinoin, Differin
Azmacort	Pulmicort, Flovent, Qvar
Caduet	Generic HMG + CCB
Cefzil	Numerous generic products
Colazal	Asacol, Pentasa
Covera HS	Verapamil ER, Verelan PM
Dipentum	Asacol, Pentasa
Epogen	Aranesp, Procrit
Hyalgan	Supartz, Synvisc
Lamisil Solu	OTC Lamisil
Lipitor	lovastatin, Crestor, Zocor, Vytorin
Loprox	Generic/OTC Antifungal
Mentax	OTC Lotrimin Ultra
Norvasc	Generics, Dynacirc CR, Sular
Nutropin Depot	Humatrope, Nutropin/AQ, Saizen
Oxistat	Generic/OTC Antifungal
Protopin	Humatrope, Nutropin/AQ, Saizen
Uroxatral	Flomax

PEEHIP Flexible Spending Accounts...What a Great Idea!

If you are an *active* TRS member who likes to save money on taxes, you should strongly consider signing up for the **FLEXIBLE SPENDING ACCOUNTS** during the PEEHIP Open Enrollment. There are two separate accounts: one for Healthcare and one for Dependent Care. Please read the information you will receive during Open Enrollment very carefully. Open Enrollment for the Flexible Spending Accounts runs from July 1 – September 30 for an effective date of October 1. You must be an active member to participate.

Nominations for TRS Board Election Due by September 4

Candidates are currently being sought for the following positions for the TRS Board of Control:

- ◆ Teacher Position No. 1
- ◆ Teacher Position No. 2
- ◆ Support Personnel Position No. 1
- ◆ Retired Position No. 1
- ◆ Postsecondary Position

Applicants must submit completed nomination petitions by 4:00 p.m. September 5, 2006, to be eligible to compete in the upcoming election.

Each representative will be chosen in the October 2006 election and will begin their term of service on July 1, 2007. The Teacher Position No. 1 is currently held by Mrs. Peggy Lamb, Teacher Position No. 2 by Mrs. Judy Bell, Support Personnel Position No. 1 by Mr. Russell Twilley, Retired Position No. 1 by Mrs. Sarah Swindle, and Postsecondary Position by Dr. Susan Brown.

Nomination packets are available on our Web site at www.rsa.state.al.us or you may contact the Elections Coordinator at 1-800-214-2158, extension 1573.

Institute Days Fast-Approaching

The month of August will be here before we know it! The RSA Field Services Department is already taking requests for Institute Day speakers. The speakers will deliver information on PEEHIP, the Flexible Spending Accounts and the RSA-1 Deferred Compensation Plan.

If you are interested in having a speaker at your Institute Day, please email your request to: judyg@rsa.state.al.us. In your request, be sure to include: the date, the time, the specific location, a contact person and a phone number. Field Services will try every possible way to meet your request but please act soon.

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135 South Union Street
Post Office Box 302150
Montgomery, AL 36130-2150
www.rsa.state.al.us
Phone: (334) 832-4140
(800) 214-2158
Fax: (334) 240-3230
E-mail: peehipinfo@rsa.state.al.us

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